

Downtown Economic Development Strategy Outline

Meeting of the
Public Safety & Neighborhood Services Committee
of the San Diego City Council

November 17, 2010

Downtown Economic Development Background

- Accomplishments

- 50,570+ new construction jobs created
- 26,000+ new permanent jobs created

Source: SANDAG

- Major Business Groups

- | | |
|-----------------------------------|-------|
| ○ Government | 52.1% |
| ○ Transport, Telecom, Utilities | 10.9% |
| ○ Services: Business, Personal | 9.7% |
| ○ Retail Trade | 6.1% |
| ○ Finance, Insurance, Real Estate | 5.5% |
| ○ Legal, Law Offices | 5.3% |

Source: Inside Prospects, Inc. 2010

San Diego

Economic Development Lead Organizations

Agency/Organization	Responsibilities/Limitations
San Diego Regional EDC	Regional business attraction/retention Not downtown focused
San Diego Downtown Partnership	Downtown PBID, business advocacy, office-focused business attraction Limited financial resources
City of San Diego <ul style="list-style-type: none">• Economic Development• Community Investment	City-wide PBID oversight, limited business incentive programs, Resource Center, small business community workshops Limited financial resources Not downtown focused

Anticipated CCDC Partners in Economic Development

- San Diego Downtown Partnership
- San Diego Regional Economic Development Corporation
- City of San Diego
 - Community Investment
 - Economic Development
- Business Incubator operators
- Downtown Residential Marketing Alliance
- San Diego Regional Chamber of Commerce
- San Diego Workforce Partnership
- Gaslamp Quarter Association
- Little Italy Association
- East Village Association
- LISC and non-profits
- Labor organizations
- Colleges and Universities
- Other business and merchant groups

Provisions in CRL for Economic Development Activities

- Limited authority for direct involvement
- Property acquisition / lease
- Rehabilitation loans
- Financing facilities or equipment of industrial or manufacturing facilities
- Sublease of space for business incubators
- Assistance to tenants for tenant improvements
- Financial support of job fairs or community activity related to redevelopment
- Require developers/owner participants to donate funding to job training
- Require developer/owner participants to meet certain job criteria
- Hire consultants for business/retail attraction and preparation of marketing plans
- Cannot provide direct operating subsidies

Downtown Economic Development Goals and Objectives

1. New Business Attraction and Business Retention

- Businesses outside City
- Expanding businesses inside City
- Professionals
- Creative and Knowledge-based industries (software, new media, etc.)
- Retail / restaurant
- Services
- Visitor-serving
- Education
- Health Care / medical
- Renewal energy
- Information technology

2. Nurture local business growth and expansion

- Support local entrepreneurship

3. Creation of Quality Jobs

- Improve access to education, skills training

4. Improve Quality of Place

5. Promote Arts & Culture

1. Business Attraction / Retention

- **Downtown Partnership Commercial Marketing District (CMD)**
 - Puma study
 - Retain recruiters for commercial businesses
- Assemble incentive package (“toolbox”)
 - Enterprise Zone
 - Empowerment Zone
 - Public Parking
 - Small business loans
 - Façade improvement program
- Business ambassadors
 - Single point of contact
 - Liaison with public and private sectors
- Downtown Redevelopment Marketing (national/regional)
 - Update downtown promotional video
 - Targeted industry conferences
 - Advertising
 - www.sandiegodowntown.org
 - Social media

CMD

Business Attraction and Retention Program

- A proactive response to enhance the competitive profile of the downtown office market within the San Diego regional market and beyond
- Managed by the Downtown Partnership, this program will provide a variety of services and marketing products to support property owners, brokers, and other real estate professionals in their efforts to attract, retain and grow tenants within downtown office buildings

Annual Budget

Estimated Assessment and Budget:

Assessment per Square Foot = \$0.035

Total Square Footage in CMD = 12,000,000

Total Annual Budget = \$400,000

Budget Details

- **Business Retention and Recruitment**
 - Data acquisition and maintenance
 - Research to identify prime recruitment segments
 - Develop/implement business retention strategy
- **Image and Marketing**
 - Website: Redesign "Doing Business" section of website, update with new data
 - Design printable market report
 - Launch Business Attraction Program e-newsletter
 - Develop online interactive map
 - Develop Business Attraction Program/State of Downtown event
 - Media Relations
- **Economic Development Leadership and Policy**
 - Investigate and implement parking management, incentives and other policy initiatives.
- **Operations**
 - Director (salary and benefits)
 - Research Manager (salary and benefits)
 - DSDP Operating Overhead and Office Support

Geographic Boundaries: Zones of Benefit

- For service provision, budgeting and benefit apportionment purposes, the CMD will include the five zones included within the PBID boundaries: Core/Columbia, Cortez, East Village, Gaslamp Quarter, and Marina
- This district will constitute a new zone within the existing PBID boundaries, zone 6 the CMD Zone. The parcels included in the new CMD Zone include parcels over 50,000 SF

CMD Formation Schedule

Submit final Engineer's Report Amendment to the City	September 16, 2010
Receive approval of petition from the City	September 16, 2010
Begin petition collection	September 17, 2010
Update stakeholders/petition-signing meeting (tentative)	September 20, 2010
Host informational open house (tentative)	September 23, 2010
End petition collection	September 24, 2010
City validates petitions	September 28, 2010
City Council adopts Resolution of Intention and sets date of public meeting and public hearing (minimum 45 days required prior to public hearing)	October 11, 2010
Notice and ballots prepared and issued	October 20, 2010
Noticed Public Hearing by City Council (formal vote), tabulation of ballots and Resolution of Formation adopted	November 29, 2010
Assessment Report sent to County of San Diego	December 6, 2010
BEGIN AMENDED PBID ASSESSMENT IN 2010	December 13, 2010

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2. Nurture Business Growth & Expansion

- Entrepreneurship / Business Incubators
 - Site acquisition
 - Identify target industries
 - Partnering with operator, universities, corporations
 - Grow downtown employment and nurture new successful businesses
 - Onsite mentoring in legal, finance, business planning, venture capital, marketing, etc.

3. Creation of Quality Jobs

- Strategies
 - Job Fairs / Community Outreach
 - “Subs for Subs”
 - Job Training
 - Vocational
 - Apprenticeships
 - Career development

4. Improve Quality of Place

- Affordable housing near employment and transit
- Quality parks and open space
- Workability / bikeways
 - Traffic calming / green streets
 - Sharrows / bike racks
- Quality and diverse education / schools
- Green requirements / incentives
- Affordable public parking
- Preservation of historic assets

5. Promote Arts & Culture

- Strategies
 - Capital improvement program
 - Historic rehabilitation
 - Affordable artist live-work space
 - Theatre District marketing
 - Event sponsorship
 - Public art elements in parks and public spaces
 - Cultural space in public-private partnerships

Employment Metrics

- Employment multipliers
- Measure jobs produced to date
- Include employment generation in project staff reports
 - Public improvements
 - Private developments
 - Public-private partnerships
- Benchmarks and goal-setting
- Annual reporting and strategy adjustment

FY'11 Economic Development Budget

Activity	Estimated Cost
Business incubator *	\$1,720,000
Economic development strategy consultant	150,000
Business marketing / attraction / advertising	
New downtown marketing video	200,000
Redesign business attraction website	100,000
Marketing and collateral materials	60,000
Targeted advertising program (local, regional, national)	50,000
Targeted trade shows / professional conferences	30,000
Downtown CMD formation	10,000
Residential market data	30,000
TOTAL BUDGET	\$2,350,000

* Balance of business incubator funds included in Land Acquisition budget line item

Arts & Cultural Capital Improvement Program = \$600,000

Next Steps

- Retain economic development consultant
 - Prepare strategy and research of targeted industries
 - Implement strategy in collaboration with partners
- Create economic development staff position and recruit for position
 - Process budget amendment
- Acquire site for business incubator
 - Perform tenant improvements
 - Establish operating structure
- Work with the Downtown San Diego Partnership in implementing the CMD